

Sustainability for Issuers | Sustainability Report

Mexico City, January 31, 2025

On January 28, 2025, amendments were made to the General provisions applicable to securities issuers and other participants of the securities market (*Disposiciones de carácter general aplicables a las emisoras de valores y a otros participantes del mercado de valores*, the “Issuer Circular” or “CUE”), which main objective is to establish the **sustainability-related information** that securities issuers must provide to the Mexican National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores* or the “CNBV”) to (i) register securities in the Mexican National Securities Registry (*Registro Nacional de Valores* or the “RNV”), and (ii) comply with their periodic reporting obligations.

As a result, securities issuers must submit a sustainability information report prepared in accordance with the IFRS Sustainability Disclosure Standard, issued by the International Sustainability Standards Board (“ISSB”), comprising IFRS S1 General Requirements for Disclosure of **sustainability**-related Financial Information and IFRS S2 **climate**-related Disclosures, as well as any other standards issued by the ISSB in the future.

IFRS S1 requires companies to disclose information on governance, strategy, and risk management, as well as metrics and targets related to **sustainability** risks and opportunities, that are useful for investors in making investment decisions. IFRS S1 also mandates industry-specific disclosures ensuring companies focus on communicating information directly related to their business model and activities.

IFRS S2 requires companies to disclose information on governance, strategy, and risk management regarding **climate**-related risks and opportunities, including both physical and transition risks.

For (i) **financial entities** that are securities issuers, their sustainability information must be prepared in accordance with the regulations established in the general provisions applicable to each financial entity, issued by the competent Mexican financial authorities as applicable, (ii) **non-regulated multiple-purpose financial institutions (SOFOMs)** issuing securities other



than debt instruments, as well as issuers that are legal entities whose primary activity is granting credit, financial leasing, or financial factoring, must comply with sustainability disclosure standards applicable to regulated multiple-purpose financial institutions, and (iii) **foreign issuers** must disclose their sustainability report in accordance with the standards issued by the IFRS or, alternatively, following the regulations of their country of origin.

The disclosed information must be measurable, comparable, and aligned with IFRS S1 and IFRS S2 (the "Sustainability Report"). Issuers must include in their Sustainability Report all sustainability-related risks and opportunities that could reasonably be expected to impact their cash flows, access to financing, or cost of capital in the short, medium, or long term. This report must also contain governance, strategy, and risk management information regarding these risks and opportunities, as well as related metrics and targets.

Issuers must submit the Sustainability Report to register securities in the RNV, disclose it periodically as part of their reporting obligations, and publish it on their website within three business days following the shareholders' meeting that resolves on their annual results.

The obligation to submit the Sustainability Report for annual disclosures **will begin in 2026**, covering annual data from the 2025 fiscal year. This first reporting exercise may be submitted without an external auditor's assurance report. However, the sustainability information submitted in **2027**, covering annual data from the 2026 fiscal year, **must be assured by an external auditor, at least on a limited basis**. For subsequent years, the report must include **an assurance report from an external auditor**.

The amendment to the Issuer Circular will require adjustments in corporate reporting structures and the establishment of internal processes to comply with the new standards.

We recommend evaluating the applicable sustainability disclosure requirements for your organization and developing an implementation plan, as well as reviewing internal policies and data collection processes throughout 2025 to ensure compliance with the new standards by 2026. For foreign issuers, we recommend assessing the compatibility of their reports with IFRS standards or preparing adequate justifications regarding the interoperability of the submitted information.

Finally, the amendment to the Issuer Circular complements the publication of the Sustainability Information Standards issued by the Mexican Council for Financial and Sustainability Reporting on May 13, 2024 (NIS A1: Conceptual Framework for Sustainability Information Standards and NIS B-a: Basic Sustainability Indicators), strengthening the ESG regulatory framework in Mexico.



For guidance on the Sustainability Report or any other ESG-related matter, please contact your point of contact at Galicia or send an email to esg@galicia.com.mx.

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